

Message Text

LIMITED OFFICIAL USE

PAGE 01 HELSIN 02672 301435Z
ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-07 NSC-05
CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00
COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04
SIL-01 FEA-01 SAL-01 /082 W
-----302117Z 032566 /60

R 301300Z DEC 76
FM AMEMBASSY HELSINKI
TO SECSTATE WASHDC 0833
INFO AMEMBASSY COPENHAGEN
AMEMBASSY OSLO
AMEMBASSY REYKJAVIK
AMEMBASSY STOCKHOLM

LIMITED OFFICIAL USE HELSINKI 2672

E.O. 11652: N/A
TAGS: EFIN, FI, NO, SWN, IC, DA
SUBJECT: NORDIC INVESTMENT BANK

REF: STATE 308406

1. SUMMARY: NORDIC INVESTMENT BANK(NIB) HAS JUST BEGUN OPERATION. IT WILL TAKE TWO OR THREE YEARS BEFORE NIB WILL HAVE ANY NOTICEABLE IMPACT IN NORDIC INDUSTRIAL BANKING. NIB'S ROLE IN FINANCING ENERGY AND INDUSTRIAL PROJECTS WILL GROW. NIB WILL ONLY INDIRECTLY HELP EASE BALANCE OF PAYMENT DIFFICULTIES. END SUMMARY.
2. ON DEC. 28 EMBOFF DISCUSSED PRESENT AND LIKELY FUTURE ROLE OF NIB WITH SECRETARY OF BOARD, PETER LAURSON. INFORMATION IN THIS CABLE RELIES PRIMARILY ON LAURSON'S RESPONSE TO QUESTIONS RAISED IN REFTTEL.
3. GENERAL BACKGROUND. LAURSON STRESSED THAT NIB IS

LIMITED OFFICIAL USE

PAGE 02 HELSIN 02672 301435Z

ONLY BEGINNING ITS OPERATION AND THAT IT IS STILL TO EARLY TO DEFINE SPECIFICALLY NIB'S FINCTION AND DIRECTION. IN GENERAL, PURPOSE OF NIB IS "TO GRANT LOANS AND TO GIVE GUARANTEES IN ACCORDNACE WITH REGULAR BANKING PRACTICE AND TAKING INTO ACCOUNT SOCIO-ECONOMIC CONSIDERATIONS TO EFFECT INVESTMENT PROJECTS AND EXPORTS

IN THE COMMON INTEREST OF NORDIC COUNTRIES." PROJECTS WILL SATISFY REQUIREMENT OF COMMON INTEREST IF THEY ARE ESTABLISHED IN COOPERATION BETWEEN FIRMS OR INSTITUTIONS IN TWO OR MORE OF FIVE NORDIC COUNTRIES. NIB STATUTES DO NOT REQUIRE FIRMS TO BE OF NORDIC OWNERSHIP. NIB INTENDS TO COMPLEMENT COMMERCIAL BANK FINANCING BY CONCENTRATING ON LONG-TERM LENDING. LAURSON SAID THAT NIB WOULD EXTEND CREDIT FOR ECONOMIC LIFE OF PROJECT WHICH COULD BE AS LONG AS 20 YEARS.

3. ENERGY. IN AFTERMATH OF ENERGY CRISIS, NIB FOUNDERS SPECIFICALLY DISCUSSED CAPITAL-INTENSIVE ENERGY PROJECTS AS LIKELY RECIPIENTS OF NIB CREDIT. NIB'S FIRST LOAN ANNOUNCED NO. 26 WAS FOR CONSTRUCTION OF POWER LINE BETWEEN SOUTHERN FINLAND AND NORTHERN SWEDEN BY IMATRAN VOIMA AND STATENS VATTENFALLSVERK. EMBOFF SUGGESTED THAT NIB COULD PLAY IMPORTANT ROLE IN DEVELOPMENT OF NORWEGIAN OIL FIELDS, BUT LAURSON FELT THAT IT IS TOO EARLY FOR NIB TO CONSIDER THIS QUESTION.

4. INDUSTRIAL DEVELOPMENT. NIB HOPES TO FACILITATE INDUSTRIAL DEVELOPMENT BY PROVIDING PUBLIC AND PRIVATE ENTERPRISES GREATER FLEXIBILITY IN ADAPTING REPAYMENT SCHEDULE WITH PROSPECTIVE EARNING CAPACITY OF PROJECTS. NIB LOANS WILL TEND TO FAVOR PROJECTS WHICH ARE BOTH CAPITAL-INTENSIVE AND LONG TERM. AS EXAMPLE INDUSTRIAL DEVELOPMENT LOAN, LAURSON MENTIONED THAT NIB IS IN FINAL PROCESS OF APPROVING CREDIT APPLICATION FROM ICELANDIC ALLOIS, ENTERPRISE JOINTLY OWNED BY ICELANDIC GOVERNMENT AND ELKEM SPEGERVERKET IN NORWAY. LAURSON STATED THAT LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 HELSIN 02672 301435Z

THIS PROJECT CONTRIBUTES TO DIVERSIFICATION OF NORDIC AREA BY USING TECHNOLOGY OF ONE COUNTRY FOR EXPLOITATION OF NATURAL RESOURCES IN ANOTHER.

5. BALANCE OF PAYMENTS. LAURSON SAID THAT NIB WOULD NOT MAKE DIRECT LOANS TO EASE BALANCE OF PAYMENT DIFFICULTIES. HOWEVER, ALL NORDIC COUNTRIES ARE NET CAPITAL IMPORTERS AND SINCE NIB BORROWING WILL BE PRIMARILY IN FOREIGN CAPITAL MARKETS, NIB ACTIVITIES WILL SUPPLEMENT CAPITAL IMPORTS OF MEMBER COUNTRIES. NIB WILL HELP MEMBERS' BALANCE OF PAYMENTS BY ALSO FINANCING NORDIC EXPORTS. LAURSON MENTIONED THAT NIB PLANS TO SUPPLEMENT ALREADY EXISTING EXPORT CREDIT PROGRAMS BY HARMONIZING DIFFERING EXPORT CREDITS OF MEMBER COUNTRIES. LAURSON FELT NIB EXPORT CREDIT WOULD LIKELY BE USED FOR NORDIC PROJECTS IN THIRD WORLD.

6. COMMENT. NIB IS NEW INSTITUTION WHICH PLANS TO

BORROW ON FOREIGN CAPITAL MARKETS WITH CREDIT RATING AS
HIGH AS ANY ENJOYED BY ANY NORDIC COUNTRY. NIB'S
INITIAL CAPITAL STOCK IS 400 MILLION SDR AND TOTAL
LENDING WILL BE KEPT UNDER ONE BILLION SDR DURING FIRST
FEW YEARS OF OPERATION. TOTAL LENDING OF NIB WILL BE
LESS THAN MANY INDIVIDUAL COMMERCIAL BANKS IN NORDIC AREA. NIB'S
ROLE DURING 1977 AND QUOI WILL BE MARGINAL, BUT NIB'S
IMPORTANCE IN FINANCING ENERGY AND INDUSTRIAL PROJECTS
CAN BE EXPECTED TO GROW.
AUSTAD

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: REPORTS, ESTABLISHMENT OF OFFICES, BANKS, INVESTMENT OPPORTUNITIES
Control Number: n/a
Copy: SINGLE
Draft Date: 30 DEC 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976HELSIN02672
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760476-0581
From: HELSINKI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t1976124/aaaaadio.tel
Line Count: 125
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 STATE 308406
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 16 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 APR 2004 by ElyME>; APPROVED <19 APR 2004 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NORDIC INVESTMENT BANK
TAGS: EFIN, FI, NO, SW, IC, DA, NIB, NORDIC INVESTMENT BANK
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006